

Message Text

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ACTION IO-14

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TAGS: AORG, AFIN, IAEA

SUBJECT: IAEA CY 1974 BUDGET AND TARGET FOR VOLUNTARY
CONTRIBUTIONS

REF: IAEA VIENNA 7350

1. SUMMARY: UK AND FRG MISSIONS CONTINUE TO EXPRESS
EXTREME CONCERN OVER POSSIBILITY THAT LDC'S MAY DEMAND
INCREASE IN TARGET FOR VOLUNTARY CONTRIBUTIONS FOR 1974
AS PRICE OF APPROVAL OF INCREASED REGULAR BUDGET APPROPRIATION. UK HAS REQUESTED INSTRUCTIONS ACCORDING IT
FLEXIBILITY TO ACQUIESCE IN INCREASE IN TARGET CORRESPONDING TO PERCENTAGE INCREASE IN REGULAR BUDGET. MISSION
RECOMMENDS USDEL HAVE SIMILAR FLEXIBILITY. ACTION REQUESTED:
APPROPRIATE INSTRUCTIONS FOR SEPTEMBER 14 BOARD AND GENERAL
CONFERENCE. END SUMMARY.

2. UK AND FRG MISSIONS HAVE CONTINUED TO EXPRESS ACUTE
CONCERN THAT ADDITIONAL APPROPRIATION FOR 1974 REGULAR
BUDGET WILL EVOKE TROUBLE WITH LDC'S AT BOARD AND/OR
GC, POSSIBLY GOING SO FAR AS THEIR FORCING VOTE ON INCREASING
TARGET FOR VOLUNTARY CONTRIBUTIONS ON GROUNDS OF
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CHANGED CIRCUMSTANCES AND EQUITY, WITH OR WITHOUT BLOCKING

REGULAR BUDGET APPROPRIATION AS PRICE OF DONORS' SUPPORT. UK MISOFF INFORMED MISSION THAT THEY HAD REQUESTED INSTRUCTIONS PERMITTING UK FLEXIBILITY TO ACCEPT INCREASE IN TARGET FOR 1974 AT THIS GC IN SAME PERCENTAGE AS REGULAR BUDGET INCREASED, AND TO STATE THAT UK WOULD PAY ASSESSED BASE RATE SHARE OF SUCH INCREASED TARGET IN 1974. ACCORDING UK MISSION, FINANCE MINISTRY AGREEABLE TO THIS. (WHILE SPECIFIC AMOUNT NOT SPECIFIED, ADDITIONAL REGULAR BUDGET APPROPRIATION OF \$2.5-MILLION IS ABOUT 11.1 PER CENT OVER AMOUNT APPROVED BY JUNE BOARD. JORRESPONDING INCREASE WOULD RAISE TARGET TO \$3,333,000, AND US CASH CONTRIBUTION AT ASSESSED BASE RATE SHARE OF 31.47 PER CENT TO ABOUT \$1,048,900.)

3. UK WOULD PROBABLY NOT INTRODUCE SUCH PROPOSAL, BUT WOULD BE PREPARED TO ACCEPT IT AND VOTE IN FAVOR IF "PRESSURE" FOR TARGET INCREASE DEVELOPED FROM LDC'S. UK FEELS SUCH PRESSURE ALMOST INEVITABLE DESPITE LAST JUNE'S AGREEMENT RELATING TO TARGET. UK MISOFF UNABLE TO SAY, HOWEVER, WHAT UK WOULD TAKE "PRESSURE" TO MEAN IN THIS CONTEXT (I.E. PRIVATE CONSULTATIONS, STATEMENTS, FORMAL PROPOSAL INTRODUCED, ETC.), BUT SAID THIS WOULD HAVE TO BE EVALUATED AS SITUATION DEVELOPS.

4. MISSION HAS STRESSED TO UK AND OTHERS THAT PREMATURE APPEARANCE OF WILLINGNESS ON PART OF DONOR COUNTRIES TO LINK INCREASED TARGET TO APPROVAL OF REGULAR BUDGET APPROPRIATION WOULD PROBABLY PLAY INTO HANDS OF MORE EXTREME LDC'S AND THEREBY PRECIPITATE CONFRONTATION IT HOPED TO AVOID. FURTHER, IT WOULD PROBABLY DO NOTHING TO MODERATE LDC DEMANDS NEXT SPRING, WHEN BOARD HAS ALREADY AGREED IN PRINCIPLE THAT TARGET FOR 1975 SHOULD BE INCREASED IN AMOUNT TO BE SET AT THAT TIME. WE HOPED UK WOULD BE ABLE INSTEAD TO DECIDE ON ITS OWN TO INCREASE ITS VOLUNTARY CASH CONTRIBUTION FOR 1974 ABOVE ASSESSED BASE RATE SHARE OF PRESENT TARGET IN RESPONSE TO DG/JUNE BOARD APPEAL, AND WOULD BE ABLE TO DO SO EARLY IN GC; THIS WOULD PROBABLY BE MORE HELPFUL, BUT INCREASING ACTUAL RESOURCES, IN AVOIDING CONFRONTATION ON TARGET. UK MISSION WILL MAKE SUCH RECOMMENDATION TO LONDON, REPORTING US CONCERNS ON SUBJECT, LIMITED OFFICIAL USE

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BUT WILL ALSO REQUEST FLEXIBLE INSTRUCTIONS PERMITTING IT TO AGREE TO CONSENSUS FOR INCREASE, OR VOTE IN FAVOR, IF NECESSARY TO PRECLUDE OPEN CONFRONTATION.

5. UK AND FRG BOTH FEEL GENEVA GROUP MEETING EITHER IMMEDIATELY PRIOR TO BOARD OR ON MONDAY BEFORE GC WOULD BE HELPFUL FOR DONORS TO COMPARE NOTES AND COORDINATE TACTICS.
IF

POSSIBLE, SUCH MEETING WILL BE SCHEDULED.

6. COMMENT: SO FAR, LDC'S HAVE GIVEN NO INDICATION OF COORDINATED DEMAND FOR TARGET INCREASE THIS YEAR, EITHER AS PRICE THEIR SUPPORT FOR REGULAR BUDGET APPROPRIATION OR ON GROUNDS OF CHANGED CURRENCY CIRCUMSTANCES AND EQUITY. HOWEVER, ARGUMENT IN EQUITY THAT GENERAL FUND SHOULD BE COMPENSATED IN EQUAL PART WITH REGULAR BUDGET FOR EXTRA-ORDINARY CURRENCY DEVELOPMENTS OF PAST FEW MONTHS (ASSUMING, AS THEY DO, THAT INCREASED TARGET IS EFFECTIVE MEANS FOR SUCH COMPENSATION) WILL NOT BE LOST ON LDC'S, ESPECIALLY MORE RADICAL ONES REPRESENTED IN GC WHO ARE NOT YET ON BOARD AND WHO ARE LESS EXPERIENCED IN IAEA MATTERS. MISSION FEELS IT QUITE POSSIBLE THAT SITUATION WILL ARISE AT SHORT NOTICE WHERE LDC'S PLACE REGULAR BUDGET APPROPRIATION IN JEOPARDY, OR DECIDE TO FORCE VOTE ON PROPOSAL FOR TARGET INCREASE REGARDLESS OF LACK OF PRIOR AGREEMENT FROM DONORS; IF DONOR STATEMENTS ON INTENTIONS FOR 1974 FAIL TO HEAD OFF SUCH SITUATION, RESULT COULD BE UGLY CONFRONTATION AND FIRST OPEN BREAK IN AGE/CNY INTO OVERT NORTH-SOUTH VOTE (INDEED, FIRST FORMAL VOTE IN YEARS).

7. MISSION WILL CONTINUE TO MAKE MAXIMUM EFFORT TO AVOID INCREASE IN TARGET THIS YEAR, URGING OTHER DONORS INSTEAD TO UNILATERALLY ANNOUNCE INCREASED CONTRIBUTIONS AND LDC'S TO ACCEPT THIS AS REAL INCREASE REGARDLESS OF LEVEL OF (NON-BINDING) TARGET. HOWEVER, UNDER PRESENT CIRCUMSTANCES, MISSION FEELS USDEL SHOULD ALSO BE ABLE TO ACCEPT CONSENSUS IN FAVOR OF INCREASE IN TARGET (OR VOTE IN FAVOR IF NECESSARY TO AVOID ISOLATION FROM OTHER DONORS) IF FORMAL PROPOSAL FOR SUCH INCREASE INTRODUCED IN EITHER BOARD OR GC AND SEEMS LIKELY TO BE PUSHED TO VOTE IF WE HOLD OPPOSITION TO LAST GASP. IN SUCH EVENT, WE COULD PROBABLY THEN LIMITED OFFICIAL USE

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JOIN OTHER DONORS IN ACCEPTING CONSENSUS FOR MODEST INCREASE IN TARGET WHICH MIGHT HEAD OFF OPEN CONFRONTATION AND VOTE.

8. ACTION REQUESTED: APPROPRIATE INSTRUCTIONS FOR SEPTEMBER 14 BOARD AND FOR USDEL 17TH IAEA GC. TAPE

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